

Testimony Provided to the Kansas Health
Policy Authority

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By
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Good afternoon, I am Marvin Fairbank, Director of Contract Care at Stormont-Vail HealthCare in Topeka. For the organization I want to express our appreciation for the opportunity to present our testimony regarding the financing of Medicaid in Kansas. In contrast to my presentation on Tuesday in Kansas City, I would like to pose some questions for the Authority.

The presentation today by Dr. Nielsen underscored the “Policy of transparency and outreach.” The providers of the state are very much interested in both transparency and outreach.

Recently, the Kansas Attorney General called for greater transparency in hospital pricing. While I agree that we do need a better pricing system, it is also important for the public to know that a major contributor to the increases in hospital pricing is the inadequate payments by Medicaid. Do you propose to make that information available to the public? If so, how?

With regard to transparency, we are working toward making the pricing of our services clear and understandable. We have a particularly difficult task with that, given that we must explain that the pricing of services from hospitals takes into account the shortfalls of major purchasers like Medicare, Medicaid, and TriCare. It would be very helpful for the state to recognize that there is a significant difference between the price it sets for Medicaid payment and the actual cost of services received. The providers in the state would be very happy to work with the Authority to help make that clear to our stakeholders.

In the “Report to the Kansas Legislature by the Kansas Health Policy Authority Board” there was a section on Medicaid reform (quoted here) made in March of this year.

“Comprehensive Medicaid reform study. As the number of individuals with employer-sponsored health insurance has decreased over the past several years, Medicaid enrollment and spending has grown commensurately. The current growth rate of Medicaid in Kansas is unsustainable in the long term and accordingly, the Health Policy Authority Board should consider innovative reforms to the Medicaid program that ensure quality health care for low income Kansans while controlling costs. The Kansas Health Policy Authority Board will request a detailed analysis of state Medicaid reforms and trends in order to develop a set of possible recommendations for Medicaid reform to be implemented in Kansas.”

As you “. . .develop a set of possible recommendations for Medicaid reform. . .,”we would urge you to work closely with the providers in the state to make changes that work to remedy problems rather than exacerbate them. Is it possible that the planned expansion of managed Medicaid would lead us to greater costs with absolutely no better health? If that were possible wouldn’t it be prudent to study before we act? We ask that serious consideration be made to evaluating the effectiveness of the existing managed

care program before expanding into what may possibly be a very costly and unsavory outcome. Our organization stands ready to assist in any way possible to shed light on the effectiveness of the current system. We are ready to work with the Authority in forging out health policy that is rational and serves the state well.

We hope that the recent increases in payments to Primary Care Physicians that came out of the Medicaid Assessment Program will move more physicians to open their practices to Medicaid recipients and possibly make the Emergency Room less prominent in the care of non-emergent cases. It is plausible that a shift from episodic care at the ER to ongoing care with a PCP could have a substantial positive effect on the lives of the consumers, an overall reduction in costs to the State and a reduced loss in providing services from the ER. Is there an interest on the part of the Authority in evaluating that hypothesis?

Thank you.